

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	§	
	§	Chapter 11
	§	
CORE SCIENTIFIC, INC., et al.,	§	Case No. 22-90341 (CML)
	§	
Debtors.¹	§	(Jointly Administered)
	§	

**NOTICE OF FILING OF DEMONSTRATIVE TO BE USED BY THE DEBTORS AT
THE NOVEMBER 14, 2023 HEARING AT 3:00 P.M (CENTRAL TIME)**

PLEASE TAKE NOTICE that on November 3, 2023, Core Scientific, Inc. and its debtor affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “**Debtors**”) filed the *Emergency Motion of Debtor For Order (I) Authorizing Entry Into Backstop Commitment Letter, (II) Approving Performance of Obligations Thereunder, And (III) Granting Related Relief* (the “**Motion**”).

PLEASE TAKE FURTHER NOTICE that on November 3, 2023, the Debtors also filed the *Emergency Motion of Debtors for Entry of Order (I) Scheduling Combined Hearing on (A) Adequacy of Disclosure Statement and (B) Confirmation of Plan; (II) Conditionally Approving Disclosure Statement and Form and Manner of Notice of Conditional Disclosure Statement Hearing; (III) Establishing Solicitation and Voting Procedures; (IV) Establishing Notice and Objection Procedures for Confirmation of Proposed Plan; (V) Approving Notice Procedures for Assumption or Rejection of Executory Contracts and Unexpired Leases; (VI) Approving Notice*

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are as follows: Core Scientific Mining LLC (6971); Core Scientific, Inc. (3837); Core Scientific Acquired Mining LLC (6074); Core Scientific Operating Company (5526); Radar Relay, Inc. (0496); Core Scientific Specialty Mining (Oklahoma) LLC (4327); American Property Acquisition, LLC (0825); Starboard Capital LLC (6677); RADAR LLC (5106); American Property Acquisitions I, LLC (9717); and American Property Acquisitions VII LLC (3198). The Debtors’ corporate headquarters is 210 Barton Springs Road, Suite 300, Austin, Texas 78704. The Debtors’ services address is 2407 S. Congress Ave, Suite E-101, Austin, Texas 78704.

Procedures for Reinstatement of Claims; (VII) Establishing Rights Offering Procedures; And (VIII) Granting Related Reliefs (Docket No. 1384) (the “**Emergency Hearing Motion**”), which, together with the Motion is scheduled for hearing on **November 14, 2023 at 3:00 p.m. (Prevailing Central Time)** (the “**Hearing**”) before the Honorable Christopher M. Lopez, United States Bankruptcy Judge, in the United States Bankruptcy Court for the Southern District of Texas, 515 Rusk Avenue, Courtroom 401, 4th floor, Houston, Texas 77002 (the “**Bankruptcy Court**”).

PLEASE TAKE FURTHER NOTICE that the Debtors’ undersigned counsel will present a PowerPoint demonstrative, attached hereto as **Exhibit A**, to the Bankruptcy Court and other interest parties at the Hearing.

Dated: November 14, 2023
Houston, Texas

Respectfully submitted,

/s/ Alfredo R. Pérez
WEIL, GOTSHAL & MANGES LLP
Alfredo R. Pérez (15776275)
Clifford W. Carlson (24090024)
700 Louisiana Street, Suite 1700
Houston, Texas 77002
Telephone: (713) 546-5000
Facsimile: (713) 224-9511
Email: Alfredo.Perez@weil.com
Clifford.Carlson@weil.com

-and-

WEIL, GOTSHAL & MANGES LLP
Ray C. Schrock (admitted *pro hac vice*)
Ronit J. Berkovich (admitted *pro hac vice*)
767 Fifth Avenue
New York, New York 10153
Telephone: (212) 310-8000
Facsimile: (212) 310-8007
Email: Ray.Schrock@weil.com
Ronit.Berkovich@weil.com

*Attorneys for Debtors
and Debtors in Possession*

Certificate of Service

I hereby certify that on November 14, 2023, a true and correct copy of the foregoing document was served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Alfredo R. Pérez
Alfredo R. Pérez

EXHIBIT A



Disclosure Statement & Backstop Approval Presentation

November 14, 2023

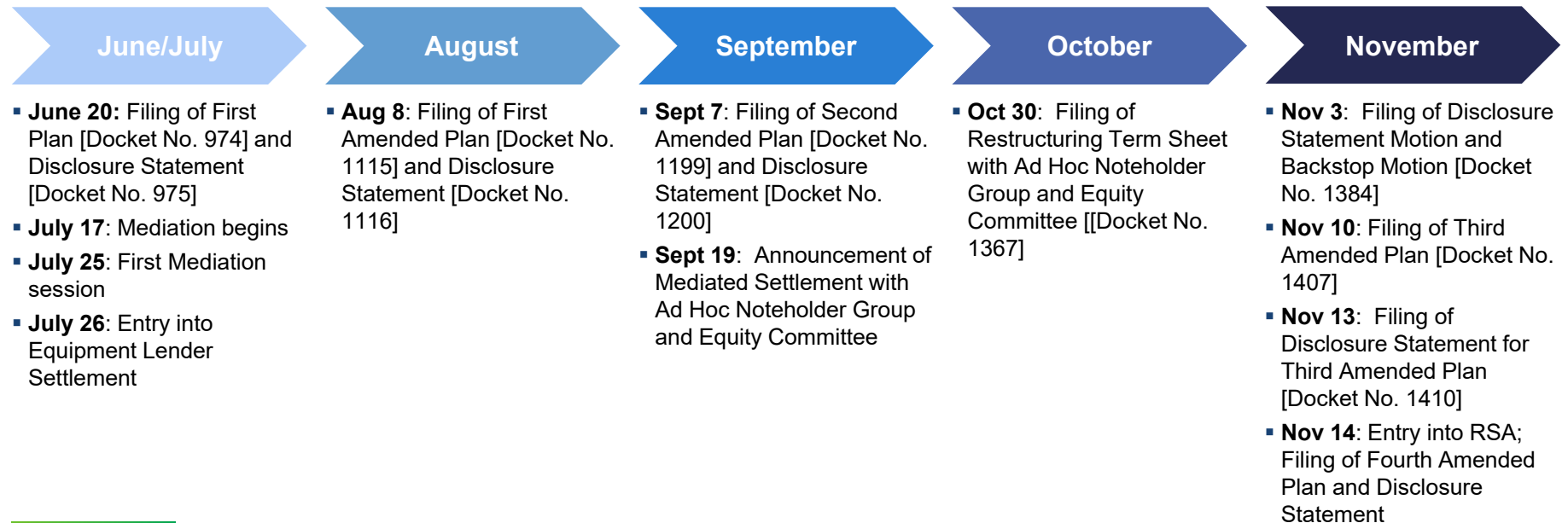
Overview (cont'd)

- Two matters before Court today:
 1. Conditional Approval of Disclosure Statement and Solicitation Procedures
 - Disclosure Statement Motion [Docket No. 1384], as supplemented in Notice of Filing of Revised Proposed Disclosure Statement Order [Docket No. 1416]
 - Solicitation Procedures
 - Ballots
 - Rights Offering Procedures
 2. Approval of Backstop Agreement
 - Backstop Motion [Docket No. 1383], as supplemented by Supplement to the Backstop Motion [Docket No. 1415]
 - Backstop Commitment Letter and Backstop Commitment Term Sheet
- Two declarations in support of motions:
 - John Singh of PJT Partners, the Debtors' investment bank advisor [Docket No. 1417] and
 - Michael Bros, the Debtors' Senior Vice President of Capital Markets & Acquisitions [Docket No. 1418]
- Key Dates:
 - Nov. 17 – Commencement of Solicitation and Rights Offering
 - Dec. 8 – Plan Supplement Filing; Rights Offering Subscription Deadline
 - Dec. 13 – Voting Deadline and Opt Out Deadline
 - Dec. 15 – Objection Deadline
 - Dec. 22 – Confirmation Hearing
 - Early January 2024 – Effective Date

Overview

- Today is a key milestone.
- Chapter 11 Plan [Third Amended: Docket No. 1407; Fourth Amended: To be Filed]
 - Restructuring Support Agreement (“RSA”)
 - Ad Hoc Noteholder Group and Equity Committee, and its members (except Foundry Digital LLC)
 - Plan also supported by most Miner Equipment Lenders
 - Not yet supporting Plan: Creditors’ Committee and B. Riley (DIP Lender and largest unsecured creditor)
 - Numerous other settlements outside Plan, including M&M Lien Claims and Celsius
- Plan result of extensive mediation with Hon. Marvin Isgur, commenced on July 17, 2023 and continuing

Timeline of Select Key Events



Key Stakeholders

Stakeholder	People / Advisors	
1 Company's Management Team	Chief Executive Officer	Adam Sullivan
	Senior Vice President of Capital Markets & Acquisitions	Michael Bros
	Chief Legal Officer	Todd DuChene
2 Board of Directors and Special Committee Members	Chairman of the Board	Mike Levitt
	Special Committee Members	Neal P. Goldman and Kneeland Youngblood
	Other Board Members	Darin Feinstein, Jarvis Hollingsworth, and Matthew Minnis
3 Key Chapter 11 Parties and Advisors	Company	<ul style="list-style-type: none"> ▪ Weil, Gotshal & Manges LLP (Counsel) ▪ PJT Partners LP (Investment Banker) ▪ AlixPartners LLP (Financial Advisor)
	Ad Hoc Noteholder Group	<ul style="list-style-type: none"> ▪ Paul Hastings LLP (Counsel) ▪ Moelis (Investment Banker)
	Equipment Lenders	<ul style="list-style-type: none"> ▪ Various Professionals
	Creditors' Committee	<ul style="list-style-type: none"> ▪ Willkie Farr & Gallagher LLP (Counsel) ▪ Ducera Partners LLC (Investment Banker)
	B. Riley Financial Group (DIP Lender and Prepetition Unsecured Creditor)	<ul style="list-style-type: none"> ▪ Choate, Hall & Stewart LLP (Counsel)
	Equity Committee	<ul style="list-style-type: none"> ▪ Vinson & Elkins LLP (Counsel) ▪ FTI Consulting, Inc. (Financial Advisor)

Overview of Plan⁽¹⁾

Highlights

- Incorporates global settlement between Debtors and RSA Parties and various settlements with other key stakeholders
- Provides for comprehensive restructuring of Debtors' balance sheet, substantially reduces Debtors' debt (by ~\$245mm) and annual debt service (by ~\$60mm)
- Preserves in excess of 240 jobs
- Provides full recovery -- 100% of Allowed Claim plus postpetition interest -- to all creditors (other than subordinated creditors and those that have agreed to lesser treatment)
- Provides meaningful recovery to shareholders
- Assumption vast majority executory contracts and unexpired leases
- Ensures funding for Plan emergence and go forward operations through (i) \$40 million in new money Exit Financing provided by Exit Lenders (certain convertible noteholders) and (ii) up to \$55 million Rights Offering (\$37.1 million backstop)

(1) For summary purposes only. This summary is qualified in its entirety by the terms of the Plan. In the event of any inconsistency between this summary and the Plan, the Plan controls.

Overview of Plan

Plan resolves Key Option Issues

1. Valuation – Enterprise Valuation of \$1.5 billion (expected Plan Equity Value of \$795 million) (Warrants)
2. Size of Convertible Notes Secured Claims (including “2X Amount”) plus intercreditor issues between April Notes and August Notes
3. Funding of Exit provided by (i) new first lien Exit Facility by certain Convertible Noteholders of \$40mm in new available capital and (ii) \$55mm Rights Offering, of which \$37.1mm is backstopped by the Backstop Parties (existing equity holders)
4. Deleveraging and equitization of portion of Convertible Notes Secured Claims (~\$260mm)
5. Lien priority and other intercreditor issues
6. Terms of new debt instruments for convertible noteholders: Exit Facility, New Secured Notes, and New Convertible Notes
7. Equipment Lender – value of collateral, secured claim versus deficiency claim
8. Governance – New post-emergence Board of Directors
9. Equity Committee Fees – Provides for the payment of certain fees and expenses of the Equity Committee, including the “Substantial Contribution Claim”

Summary of Treatment Under the Plan⁽¹⁾

Class and Designation	Settled or Estimated Allowed Amount ⁽²⁾	Treatment / Consideration ⁽⁷⁾
DIP Claims	\$15.5mm	<ul style="list-style-type: none"> Paid in full in cash
Class 1 April Convertible Notes Secured Claims	\$350mm (plus PPI after 1/15/24) (plus ERO Equity Shortfall Distribution and Incremental Convertible Noteholder Equity Distribution)	<ul style="list-style-type: none"> Pro Rata Share of \$150mm in New Secured Notes Pro Rata Share of (a) \$260mm in New Secured Convertible Notes and (b) New Common Interests equal to \$300mm Pro Rata Total Convertible Notes Equity Distribution of up to \$130mm in Contingent Payment Obligations Pro Rata Total Convertible Notes Share of (a) ERO Shortfall Equity Distribution (if any) and (b) the Incremental Convertible Noteholders Equity Distribution (if any)
Class 2 August Convertible Notes Secured Claims	\$360mm (plus PPI after 1/15/24) (plus ERO Equity Shortfall Distribution and Incremental Convertible Noteholder Equity Distribution)	<ul style="list-style-type: none"> Pro Rata Share of (a) \$260mm in New Secured Convertible Notes and (b) New Common Interests equal to \$300mm Pro Rata Total Convertible Notes Equity Distribution of up to \$130mm in Contingent Payment Obligations Pro Rata Total Convertible Notes Share of (a) ERO Shortfall Equity Distribution (if any) and (b) the Incremental Convertible Noteholders Equity Distribution (if any)
Class 3 Miner Equipment Lender Secured Claims	\$253.7mm⁽³⁾	<ul style="list-style-type: none"> Miner Equipment Lender Takeback Debt (Default) New Common Interests equal to 100% of Allowed Claim (Election 1) Secured Debt equal to 80% of principal amount of Allowed Claim (Election 2)
Class 4 Other Secured Claims	\$20.6mm	<ul style="list-style-type: none"> Reinstated
Class 5 M&M Lien Secured Claims	\$17mm	<ul style="list-style-type: none"> M&M Lien Takeback Debt
Class 6 Secured Mortgage Claims	\$0.81mm	<ul style="list-style-type: none"> Mortgage Agreements amended to include a maturity date of December 31, 2025 (Default) Cash in an amount equal to 95% of Allowed Claim (Election)
Class 8 General Unsecured Claims	\$81.4mm⁽⁴⁾	<ul style="list-style-type: none"> New Common Interests equal to 100% of Allowed Claim Accrue interest at the Federal Judgment Rate from Petition Date through distribution date
Class 11 Section 510(b) Claims	\$0	<ul style="list-style-type: none"> Pro Rata Equity Share of (a) Residual Equity Pool and (b) New Warrants At Debtors' election, Cash, New Common Interests, or New Warrants equal to value of Subscription Rights
Class 12 Existing Common Interests	n/a	<ul style="list-style-type: none"> Right to participate in Rights Offering (i.e., Subscription rights) Pro Rata Equity Share of (a) Residual Equity Pool and (b) New Warrants <ul style="list-style-type: none"> <u>Tranche 1:</u> Up to 30% of New Common Interests (assuming no Tranche 2 Warrants are exercised; initial exercise at \$1.875bn total enterprise value; Cash exercise; 3 year expiration) <u>Tranche 2:</u> Up to 20% of New Common Interests on fully dilutive basis; exercisable at \$2.5bn total enterprise value; \$0.01 exercise price; 5 year expiration

(1) For summary purposes only. This summary is qualified in its entirety by the terms of the Plan. In the event of any inconsistency between this summary and the Plan, the Plan controls.

(2) Unless otherwise specified, the amounts in the column include estimated Allowed Claim amounts plus applicable postpetition interest through an assumed Effective Date of December 31, 2023. These figures are solely estimates and may not reflect the value of the Claims that will ultimately be allowed.

(3) Includes Miner Equipment Lender Deficiency Claims.

(4) This amount does not include Miner Lender Deficiency Claims.

Plan Treatment: Class 1 (April Convertible Notes Secured Claims)

Allowance:

- \$350 million, plus postpetition interest at contract rate after January 15, 2024, plus:
- Pro Rata Total Convertible Notes Share (of all April and August Notes) of:
 - any ERO Shortfall Equity Distribution Amount and
 - any Incremental Convertible Noteholders Equity Distribution Amount.

Treatment:

- **New Secured Notes (\$150 million)** -- Pro Rata share among Class 1
- **New Secured Convertible Notes (\$260 million)** -- Pro Rata Reduced Convertible Notes Share (of all April and August after taking into account \$150mm New Secured Notes)
- **Convertible Noteholders Equity Distribution (New Common Interests worth \$300 million)** -- Pro Rata Reduced Convertible Notes Share
 - Exit Lenders' distribution of Convertible Noteholders Equity Distribution reduced by \$40 million (Designated Amount) in exchange for obligations under Exit Facility
- **Contingent Payment Obligations (\$130 million)** -- Pro Rata Total Convertible Notes Equity Distribution Share (taking into account Convertible Noteholders Equity Distribution, after taking into account reduction of Designated Amount)
 - Measure fair market value of Convertible Noteholders Equity Distribution (\$260mm) on each of first three anniversaries of Effective Date and provides payment (up to \$43.33 million each year) if value is less than Plan Value
- **ERO Shortfall Equity Distribution (if any)** -- Pro Rata Total Convertible Notes Share
- **Incremental Convertible Noteholders Equity Distribution (if any)** -- Pro Rata Total Convertible Notes Share

Plan Treatment: Class 1 (April Convertible Notes Secured Claims) (cont'd)

Key Concepts:

- **ERO Shortfall Equity Distribution Amount**
 - ERO Shortfall is \$55 million *minus* the total amount of proceeds raised in the Rights Offering (the “ERO Shortfall”).
 - New Common Interests with a value equal to the ERO Shortfall will be distributed as follows:
 - Exit Lenders receive the first 2% of the New Common Interests
 - Thereafter, Holders of Allowed Convertible Notes Claims receive increased claim amount and New Common Interests equal to the “ERO Shortfall Equity Distribution Amount”: (a) the ERO Shortfall *multiplied by* 1.2 (“Line 1”); (b) Line 1 divided by 0.7 (“Line 2”); and (c) Line 2 minus the number that is two percent (2%) of the Plan Equity Value
- **Incremental Convertible Noteholders Equity Distribution Amount** – Two circumstances where increased professional on account of representatives of Holders of Existing Common Interests (i) increase Convertible Noteholder claim amounts and (ii) result in the Holders of Allowed Convertible Notes Secured Claims receiving additional New Common Interests.
 - If Final Equity Committee Fees Amount exceeds \$6.75 million (compared to cap of \$4.25 million).
 - If Ad Hoc Equity Group Substantial Contribution Claim—claim for fees and expenses of Skadden, Arps as counsel to the Ad Hoc Equity Group, in an amount not to exceed \$1.5 million

Plan Treatment: Class 2 (August Convertible Notes Secured Claims)

Allowance:

- \$360 million, plus postpetition interest at contract rate after January 15, 2024, plus:
- Pro Rata Total Convertible Notes Share of:
 - any ERO Shortfall Equity Distribution Amount and
 - any Incremental Convertible Noteholders Equity Distribution Amount.

Treatment:

- **New Secured Notes (\$150 million)** -- Pro Rata share among Class 1;
- **New Secured Convertible Notes (\$260 million)** -- Pro Rata Reduced Convertible Notes Share (of all April and August after taking into account \$150mm New Secured Notes)
- **Convertible Noteholders Equity Distribution (New Common Interests worth \$300 million)** -- Pro Rata Reduced Convertible Notes Share
 - Exit Lenders' distribution of Convertible Noteholders Equity Distribution reduced by \$40 million (Designated Amount) in exchange for obligations under Exit Facility
- **Contingent Payment Obligations (\$130 million)** -- Pro Rata Total Convertible Notes Equity Distribution Share (taking into account Convertible Noteholders Equity Distribution, after taking into account reduction of Designated Amount)
 - Measure fair market value of Convertible Noteholders Equity Distribution (\$260mm) on each of first three anniversaries of Effective Date and provides payment (up to \$43.33 million each year) if value is less than Plan Value
- **ERO Shortfall Equity Distribution (if any)** -- Pro Rata Total Convertible Notes Share
- **Incremental Convertible Noteholders Equity Distribution (if any)** -- Pro Rata Total Convertible Notes Share

Plan Treatment: Class 3 (Miner Equipment Claims)

Allowance:

- The Claims of the Miner Equipment Lenders are Allowed in the amounts listed on Exhibit J to the Plan, including the Miner Equipment Lender Secured Claims (up to the value of the Collateral securing the Claim) and the Miner Equipment Lender Deficiency Claims.
- Interest from the Petition Date through the Effective Date shall accrue at the Federal Judgment Rate and shall be added to the Miner Equipment Lender Deficiency Claim, not the Miner Equipment Lender Secured Claim.

Treatment:

- Choice of one of three treatment options:
 - **Miner Equipment Lender Takeback Debt (Default)** – Secured Takeback Debt at a principal amount equivalent to the value of such Equipment Lenders' collateral; remaining Miner Equipment Lender Deficiency Claim treated as a Class 8 GUC Claim
 - **New Common Interests equal to 100% of Allowed Claim (Election 1)** – Equitization of the full amount of such Equipment Lenders' total Allowed Miner Equipment Lender Claims
 - **Secured Debt equal to 80% of principal amount of Allowed Claim (Election 2)** – Secured Takeback Debt at a principal amount equivalent to 80% of such Equipment Lenders' total Allowed Claim; remaining Miner Equipment Lender Deficiency Claim is waived
- **Miner Equipment Lender Settlement**
 - Settling Miner Equipment Lenders that elect Miner Equipment Lender Treatment (Election 2) receive first lien on "Additional Collateral"--first \$52,500,000 of new, non-financed miners acquired by the Reorganized Debtors following the Effective Date (to be reduced on a pro rata basis if more than 25% (measured by Allowed Claim amount) of the Settling Miner Equipment Lenders do not elect Miner Equipment Lender Takeback Debt (Election 2))
 - The Settling Equipment Lenders include: Anchorage Lending CA; Barings (various entities); BlockFi Lending; MassMutual Asset Finance; Stonebriar Commercial Finance; and Trinity Capital. The Settling Equipment Lenders hold, in the aggregate, approximately \$230 million of the Miner Equipment Lender Claims out of the approximately \$247 million in Miner Equipment Lender Claims
 - Settling Miner Equipment Lenders receive professional fees and expenses capped at \$4 million

Plan Treatment: Class 4 (Other Claims)

Allowance:

- **Other Secured Claims**-- Bremer Secured Claim, Non-Miner Equipment Lender Claim (36th Street), Non-Miner Equipment Lender Claim (Bank of the West), Non-Miner Equipment Lender Claim (Dell), Non-Miner Equipment Lender Claim (Indigo), Non-Miner Equipment Lender Claim (Meridian), Non-Miner Equipment Lender Claim (North Mill), Non-Miner Equipment Lender Claim (North Star), Non-Miner Equipment Lender Claim (Prime), and Non-Miner Equipment Lender Claim (Wingspire).

Treatment:

- Reinstatement in accordance with section 1124(2) of the Bankruptcy Code, subject to the procedures for Reinstated Claims set forth in Section 7.11 of the Plan, including to determine the applicable Cure Amount.

Plan Treatment: Class 5 (M&M Lien Secured Claims)

Allowance:

- M&M Lien Secured Claims--Claims secured by M&M Liens (mechanics'/materialmens'/workmens'/repairmens' Liens and similar state law encumbrances) for provision by General Contractors and Subcontractors of labor, materials, equipment and/or services in connection with construction, development, or improvement of owned or leased real property
 - Note: Most holders of M&M Liens had their claims resolved through Court-approved M&M Lien Settlements; will not be treated under the Plan, including: Condair; Huband-Mantor; JW Didado; Trilogy; and Harper
- M&M Lien Secured Claims are Allowed in the amount set forth on the M&M Lien Claims Schedule (Exhibit K to the Plan), which also sets forth applicable collateral securing each M&M Lien Secured Claim and Allowed General Unsecured Claims held by any General Contractor or Subcontractor.
- All Subcontractor Claims are Disallowed under the Plan; however, Subcontractors retain their M&M Liens to the extent set forth on the M&M Lien Claims Schedule.

Plan Treatment: Class 5 (M&M Lien Secured Claims) (continued)

Treatment:

- M&M Lien Takeback Debt—debt issued by the applicable Debtor that owns or leases the real property encumbered by the applicable M&M Lien in accordance with “New M&M Lien Debt Term Sheet”).
- Duplicate Subcontractor Liens--The Reorganized Debtors will (i) issue M&M Lien Takeback Debt in favor of the General Contractor only as the Holder of the M&M Lien Secured Claim and (ii) repay the M&M Lien Takeback Debt by making payments directly to the General Contractor and each Subcontractor, pro rata in the percentages set forth next to each such General Contractor and Subcontractor on the M&M Lien Claims Schedule. Each payment made directly to a Subcontractor shall reduce the amount of such General Contractor’s M&M Secured Lien Claim, such General Contractor’s M&M Lien, and such Subcontractor’s M&M Lien, in each case on a dollar-for-dollar basis.
- Limitation on Enforcement Remedies --Each Person asserting an M&M Lien is precluded from foreclosing or otherwise enforcing such M&M Lien or taking adverse action against Debtor with regard to the amounts secured by such M&M Lien.
- Extinguishment of M&M Liens--Any M&M Lien (i) of a Subcontractor, (ii) of a General Contractor, or (iii) otherwise securing an Allowed M&M Lien Secured Claim and/or M&M Lien Takeback Debt will be fully and finally extinguished upon the repayment in full of all amounts payable under the applicable M&M Lien Takeback Debt, which may be evidenced by recording in the applicable real property records a final, unconditional lien waiver, release of lien, and such other documents or certificates required to fully and unconditionally release any such M&M Lien.

Plan Treatment: Class 6 (Secured Mortgage Claims)

Allowance:

- Secured Mortgage Claim (Hollywood) shall be Allowed in the amount of \$571,961.55 against Debtor American Property Acquisition, LLC , plus post-petition interest accruing at ten percent (10%), plus reasonable and documented legal fees and expenses
- Secured Mortgage Claim (Brown) shall be Allowed in the amount of \$187,819.93 against Debtor American Property Acquisition, LLC

Treatment:

- Pursuant to the Hollywood Settlement, Hollywood has agreed to have its Mortgage Agreements (and any applicable related documents) amended to include a maturity date of December 31, 2025 (Default Mortgage Treatment)
- Pursuant to the Brown Settlement, Brown has agreed to receive Cash equal to 95% of its Allowed Claim, no later than 60 days following the Effective Date (Mortgage Treatment Election)

Plan Treatment: Class 8 (General Unsecured Claims)

Allowance:

- General Unsecured Claims listed on the Schedule of Allowed General Unsecured Claims are Allowed in the amounts set forth in such schedule.
- Article VII of the Plan provides for Procedures for Disputed Claims
- Postpetition interest accrues at the Federal Judgment Rate from Petition Date through distribution date

Treatment:

- New Common Interests equal to 100% of Allowed General Unsecured Claim

Plan Treatment: Class 11 (Section 510(b) Claims)

Allowance:

- **“Section 510(b) Claims”** means any Claim against any Debtor (i) arising from the rescission of a purchase or sale of an Interest of any Debtor or an Affiliate of any Debtor (including the Existing Common Interests); (ii) for damages arising from the purchase or sale of such Interest; or (iii) for reimbursement or contribution Allowed under section 502 of the Bankruptcy Code on account of such a Claim.
 - Includes (i) any claims asserted or assertable against the Debtors in the Securities Class Action and (ii) Proofs of Claim Nos. 52, 54, 81, 82, 241, 351, 556, and 632 shall, in each case, constitute Section 510(b) Claims.

Treatment:

- Pro Rata Equity Share (with Class 12) of Residual Equity Pool
 - Residual Equity Pool -- New Common Interests remaining following distributions to Holders of Allowed Claims, Rights Offering Shares, Backstop Premium, Exit Lenders ERO Shortfall, Bitmain, Unvested RSUs/Stock Options (reserved); Disputed Claims (calculated)
- Pro Rata Equity Share (with Class 12) of New Warrants
 - Tranche 1 Warrants: Up to 30% of New Common Interests (assuming no Tranche 2 Warrants are exercised); initial exercise at \$1.875bn total enterprise value; Cash exercise; 3 year expiration
 - Tranche 2 Warrants: Up to 20% of New Common Interests on fully dilutive basis; exercisable at \$2.5bn total enterprise value; \$0.01 exercise price; 5 year expiration
- At Debtors' election, Cash, New Common Interests, or New Warrants equal to value of Subscription Rights

Plan Treatment: Class 12 (Existing Common Interests)

Allowance:

- **“Existing Common Interests”** means (i) the common stock issued by Core Scientific, Inc. that existed immediately prior to the Effective Date, including any Restricted Stock and (ii) any Vested RSUs, in each case held by the Holders as reflected in the Debtors’ books and records, including the records of the Debtors’ transfer agent(s), and/or DTC’s records immediately prior to the Effective Date. For the avoidance of doubt, Unvested RSUs and Stock Options shall not be considered Existing Common Interests.

Treatment:

- Pro Rata Equity Share (with Class 11) of Residual Equity Pool
 - Residual Equity Pool -- New Common Interests remaining following distributions to Holders of Allowed Claims, Rights Offering Shares, Backstop Premium, Exit Lenders ERO Shortfall, Bitmain, Unvested RSUs/Stock Options (reserved); Disputed Claims (calculated)
- Pro Rata Equity Share (with Class 11) of New Warrants
 - Tranche 1 Warrants: Up to 30% of New Common Interests (assuming no Tranche 2 Warrants are exercised); initial exercise at \$1.875bn total enterprise value; Cash exercise; 3 year expiration
 - Tranche 2 Warrants: Up to 20% of New Common Interests on fully dilutive basis; exercisable at \$2.5bn total enterprise value; \$0.01 exercise price; 5 year expiration
- Subscription Rights - Right to participate in the Rights Offering

Equity Splits⁽¹⁾

Class	% of Effective Date New Common Interests	
	\$37.1mm Rights Offering	\$55mm Rights Offering
Convertible Noteholder Equity Distribution	32.8%	32.8%
Exit Lenders (ERO Shortfall)	2.0%	0%
Convertible Noteholder (ERO Shortfall Equity Distribution)	1.9%	0%
Incremental Convertible Noteholders Equity Distribution	0.4%	0.4%
Class 3 (Miner Equipment Lenders)	4.2%	4.2%
Class 8 (GUC Claims)	10.0%	10.0%
Class 11 (510(b) Claims)	0.0%	0.0%
Class 12 (Existing Common Interests)	33.9%	34.5%
Rights Offering –Backstop Fee	1.3%	1.3%
Rights Offering – Subscription + Backstop Shares	6.7%	9.9%
Shares reserved for Bitmain	6.8%	6.8%
Total	100.0%	100.0%
Total Convertible Notes Equity Ownership (including Exit Lenders)	37.1%	33.3%
Total Existing Common Interest Equity Ownership (including Backstop Fee)	41.9%	45.8%

(1) See footnotes in Disclosure Statement for further detail.

Summary of RSA

The Debtors, the Ad Hoc Noteholder Group, the Equity Committee, and Most Equity Committee Members are close to agreement on the RSA

- The RSA sets forth the principal terms of the restructuring contemplated by the Plan and reflects a global settlement of issues between the Debtors and the RSA Parties
 - The Plan is attached as Exhibit A to the RSA
- The RSA Parties agree to support the Plan and the restructuring transactions contemplated thereby
- The RSA contains the following key terms:
 - Milestones:
 - **November 22**: Entry of the Disclosure Statement Approval Order
 - **7 Days After Entry of Disclosure Statement Approval Order**: Commencement of Solicitation
 - **January 19, 2024**: Entry of the Confirmation Order
 - **February 19, 2024**: Occurrence of the Effective Date
 - Fiduciary Out:
 - The Debtors, the Equity Committee, and the Equity Committee Members have a “fiduciary out”
 - Consent Rights:
 - The Requisite Consenting Creditors have consent rights over all Definitive Documents
 - The Equity Committee has a consent right over several Definitive Documents pertinent to the treatment of Holders of Existing Common Interests
 - Support for Settlements:
 - The Consenting Creditors, the Equity Committee, and the Equity Committee Members have agreed to support the Miner Equipment Lender Settlement, the Brown Settlement, the Hollivood Settlement, the M&M Lien Settlements, the Bitmain Transaction, and the Celsius Settlement
- The Debtors believe that the RSA provides a clear path to confirmation of the Plan and ultimately emergence from Chapter 11

Right Offering and Backstop Commitment

Rights Offering and Backstop Commitment

Rights Offering:

- Following entry of the Disclosure Statement Order and Backstop Order, the Debtors will launch a \$55 million Rights Offering, whereby holders of Existing Common Interests may exercise Subscription Rights to purchase New Common Interests at a 30% discount to Plan Equity Value
 - The Subscription Rights include Oversubscription Rights to purchase unsubscribed Rights Offering Shares

Backstop Commitment:

- On November 3, 2023, the Debtors filed the Backstop Motion [Docket No. 1383] and, on November 14, 2023, the Debtors filed a supplement to the Backstop Motion [Docket No. 1415], along with revised copies of the Backstop Commitment Letter and Backstop Term Sheet, as well an updated form of Order approving entry into the Backstop Commitment Letter.
- The Backstop Commitment Letter (and the Backstop Commitment Term Sheet attached thereto) provides the Debtors with \$37.1 million in Backstop Commitments from approximately 31 holders of Existing Common Interests in connection with the Rights Offering
 - **Commitment Premium.** Commitment Parties will receive a 20% Backstop Premium, payable in New Common Interests (at the discount to Plan Equity Value) upon the Plan Effective Date
 - **Termination Payment.** If the Backstop is terminated under certain limited conditions, a termination fee equal to 5% of the Backstop Commitments (i.e., \$1.855mm).
- Debtors negotiated key protections and rights, including (i) requirement that each Commitment Party deposit 10% of its commitment within three business days of entry of the Backstop Order and (ii) various other enforcement remedies.
- The Supplement clarified a few changes to reflect the final agreement reached with the Backstop Parties, including:
 - i. clarification that the Backstop Commitment backstops the first \$37.1 million in Backstop Commitments (after taking subscription and oversubscription rights into account),
 - ii. removal of the procedure allowing additional parties to join the Backstop Commitment, and
 - iii. engagement of Morrow Sodali as Information Agent in connection with the Rights Offering.

Disclosure Statement

Disclosure Statement

Summary

- On November 3, 2023, the Debtors filed the Disclosure Statement Motion [Docket No. 1384].
- On November 13, the Debtors filed an amended Disclosure Statement to reflect the terms of the mediated settlement.
- The Disclosure Statement incorporates comments from various stakeholders, including, but not limited to, the Creditors' Committee
- The Debtors believe that the Disclosure Statement contains the types of detailed information necessary for a voting creditor or equity security holder to make an informed judgment regarding whether to accept or reject the Plan
 - Accordingly, the Debtors believe that the Disclosure Statement contains adequate information and satisfies section 1125 of the Bankruptcy Code

On November 13, 2023, McCarthy Building Companies withdrew their objection to the Disclosure Statement [Docket No. 1412]. On November 14, 2023, Humphrey & Associates, Inc. withdrew their joinder to McCarthy Building Companies' objection [Docket No. 1419].

Relief Requested⁽¹⁾

- 1 Conditional approval of the Disclosure Statement and the scheduling of a Combined Hearing to consider approval of the Disclosure Statement on a final basis and confirmation of the Plan, as well as the form of notice in connection therewith
- 2 Establishment of a Voting Record Date and the approval of the Solicitation and Voting Procedures, Ballots, Solicitation Packages, and Notice of Non-Voting Status
- 3 Approval of the Release Opt Out Form
- 4 Establishment of a Voting Deadline and a deadline to object to the adequacy of the Disclosure Statement and/or confirmation of the Plan
- 5 Approval of procedures for the assumption, assumption and assignment, or rejection of the Debtors' executory contracts and unexpired leases and procedures for noticing and resolving disputes relating to proposed Cure Amounts for the Reinstatement of Other Secured Claims
- 6 Approval of certain procedures pursuant to which the Debtors will conduct the Rights Offering

Voting Classes, Non-Voting Classes, and Exhibits

The following classes of Claims and Interests are entitled to vote to accept or reject the Plan

Voting Classes	
Class 1	April Convertible Notes Secured Claims
Class 2	August Convertible Notes Secured Claims
Class 3	Miner Equipment Lender Secured Claims
Class 5	M&M Lien Secured Claims
Class 6	Secured Mortgage Claims
Class 8	General Unsecured Claims
Class 11	Section 510(b) Claims
Class 12	Existing Common Interests

Exhibits attached to the Disclosure Statement:

Exhibits	
Exhibit A	Plan (filed separately)
Exhibit B	Plan Release, Exculpation, and Injunction Provisions
Exhibit C	Liquidation Analysis
Exhibit D	Valuation Analysis
Exhibit E	Financial Projections
Exhibit F	Organizational Chart
Exhibit G	Schedule of Other Secured Claims

The following classes of Claims and Interests are not entitled to vote to accept or reject the Plan

Non-Voting Classes	
Class 4	Other Secured Claims
Class 7	Priority Non-Tax Claims
Class 9	Intercompany Claims
Class 10	Intercompany Interests

Exhibits attached to the Disclosure Statement Motion:

Exhibits	
Exhibit A	Proposed Order
Exhibit 1	Combined Hearing Notice
Exhibit 2	Solicitation and Voting Procedures
Exhibits 3–12	Ballots
Exhibit 13	Notice of Non-Voting Status
Exhibit 14	Release Opt Out Form
Exhibit 15	Rights Offering Procedures
Exhibit 16	Equity Committee Letter in Support of Plan

Proposed Solicitation and Confirmation Timeline

Date	Event
November 9, 2023	▪ Voting Record Date for Holders of Claims and Interests
November 14, 2023	▪ 2:00 p.m. (CT) – Conditional Disclosure Statement Hearing
November 16, 2023	▪ Rights Offering Record Date
November 17, 2023	▪ Mailing Deadline for Combined Hearing Notice ▪ Solicitation Mailing Deadline ▪ Rights Offering Procedures Subscription Period Commences ▪ Deadline for Initial Commitment Parties to fund Backstop Commitment Deposit to Escrow Account
December 1, 2023	▪ 5:00 p.m. (CT) – Deadline for Debtors to File Claims Objections for Voting Purposes or to Request Claim Estimation for Voting Purposes
December 5, 2023	▪ Mailing Deadline for Cure Amounts and Filing of Cure Notice
December 8, 2023	▪ Plan Supplement Filing Deadline ▪ Rights Offering Subscription Deadline ▪ Deadline for Subscription Rights Holder to Remit Payment to Subscription Agent ▪ 5:00 p.m. (CT) – Rule 3018(a) Motion Deadline
December 13, 2023	▪ 5:00 p.m. (CT) – Voting Deadline and Opt Out Deadline ▪ 5:00 p.m. (CT) – Deadline to Send Funding Notice to Commitment Parties
December 15, 2023	▪ 5:00 p.m. (CT) – Deadline to Object to Disclosure Statement and Plan
December 18, 2023	▪ Ballot Certification Deadline
December 19, 2023	▪ Assumption and Cure Objection Deadline
December 20, 2023	▪ Deadline to File Confirmation Brief and Reply to Plan Objection(s) ▪ Backstop Commitment Funding Deadline
December 22, 2023	▪ Combined Hearing

November 2023

S	M	T	W	T	F	S
29	30	31	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	1	2

December 2023

S	M	T	W	T	F	S
26	27	28	29	30	1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31	1	2	3	4	5	6

	Plan-related
	Disclosure Statement/Solicitation-related
	Rights Offering-related